



# Trends in Labor

# Productivity

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Productivity in the Twenty-first Century

The American Enterprise Institute and

the U.S. Department of Labor

October 23, 2002

# Productivity Growth Rate

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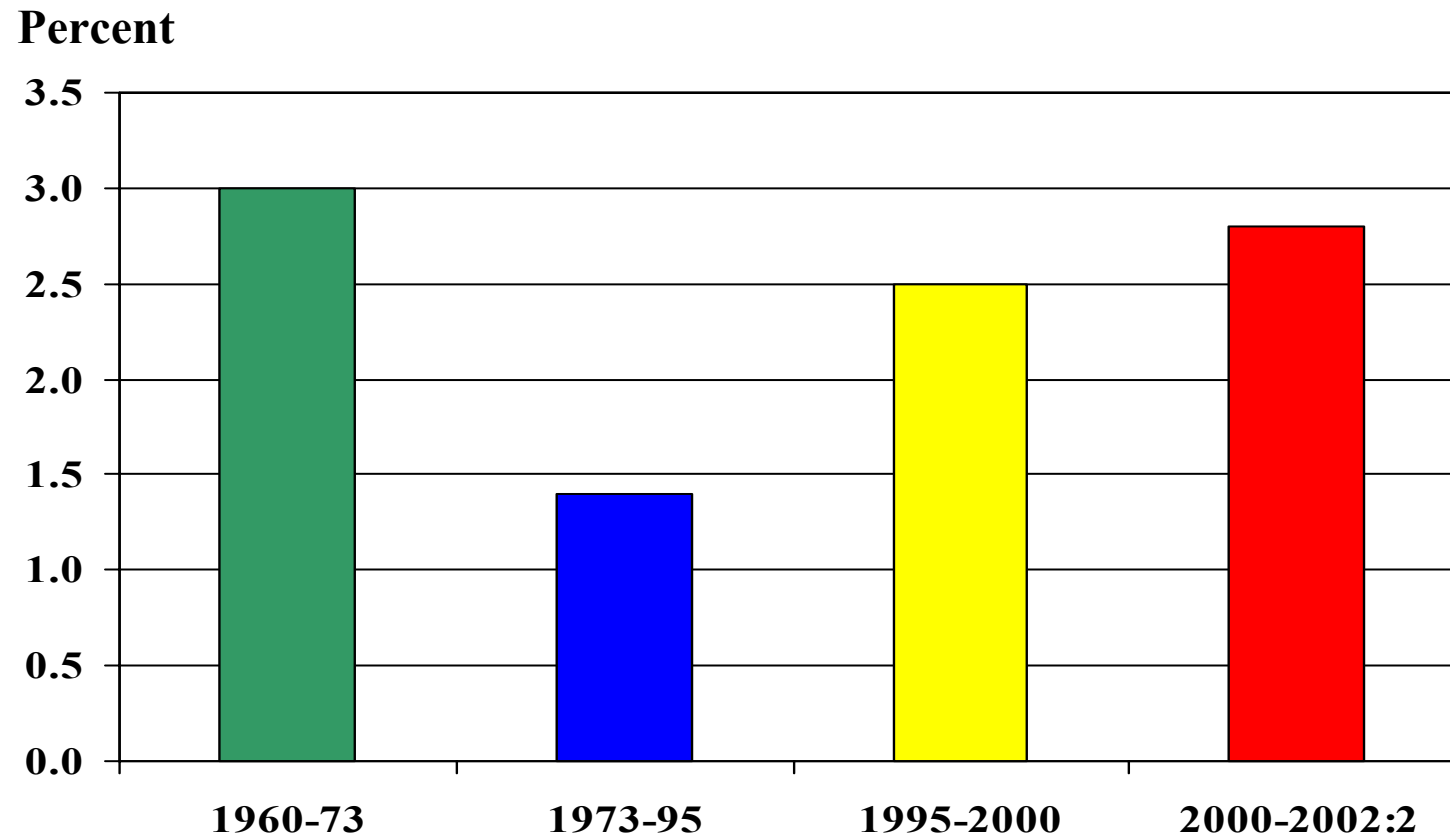
- ◆ Compares

- ◆ Change in an index of real output

- ◆ Change in hours worked

# Labor Productivity Growth

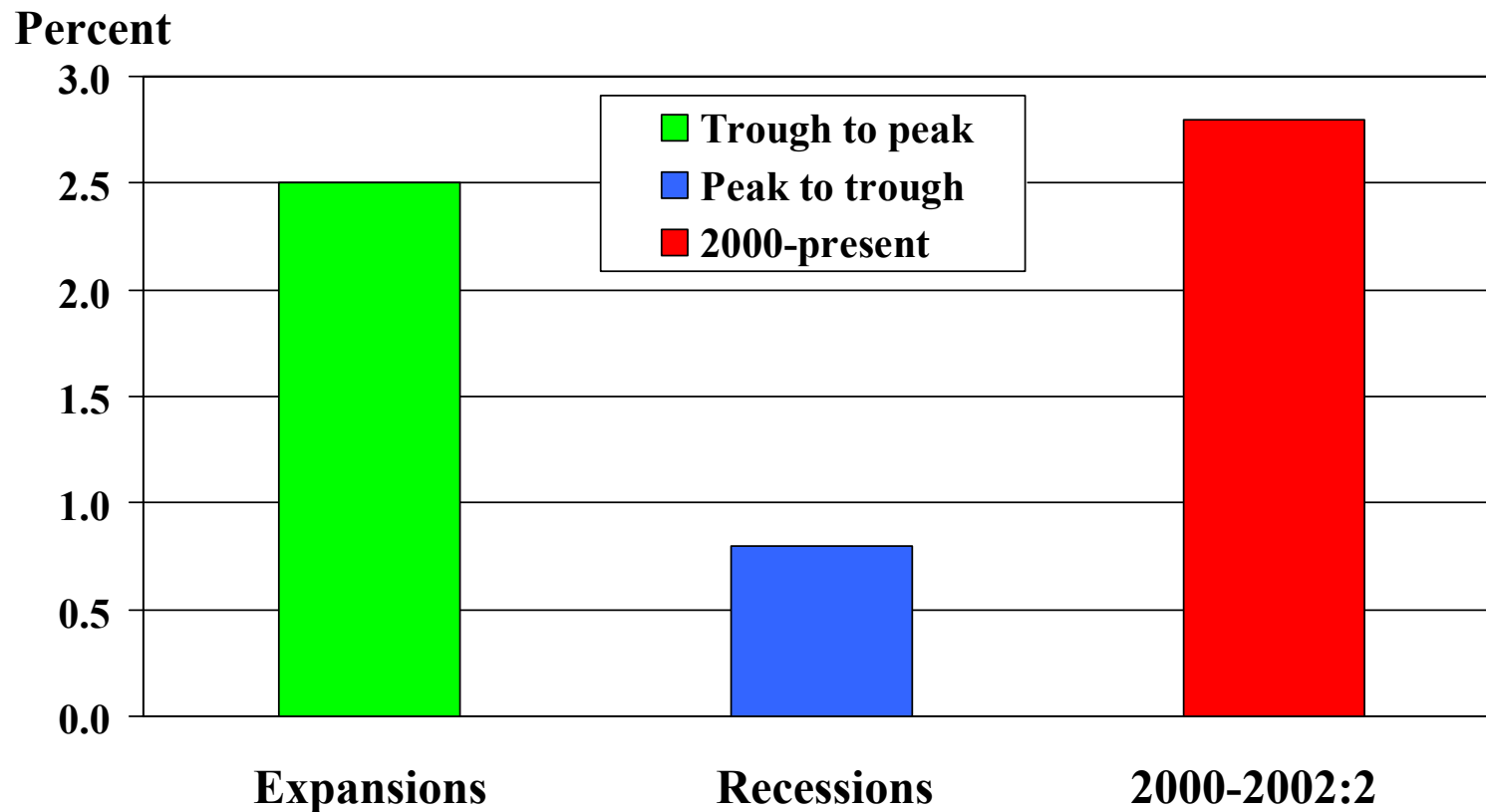
Nonfarm Business, Annual Rates of Change



**Source: Bureau of Labor Statistics**

# Productivity Growth During Business Cycles

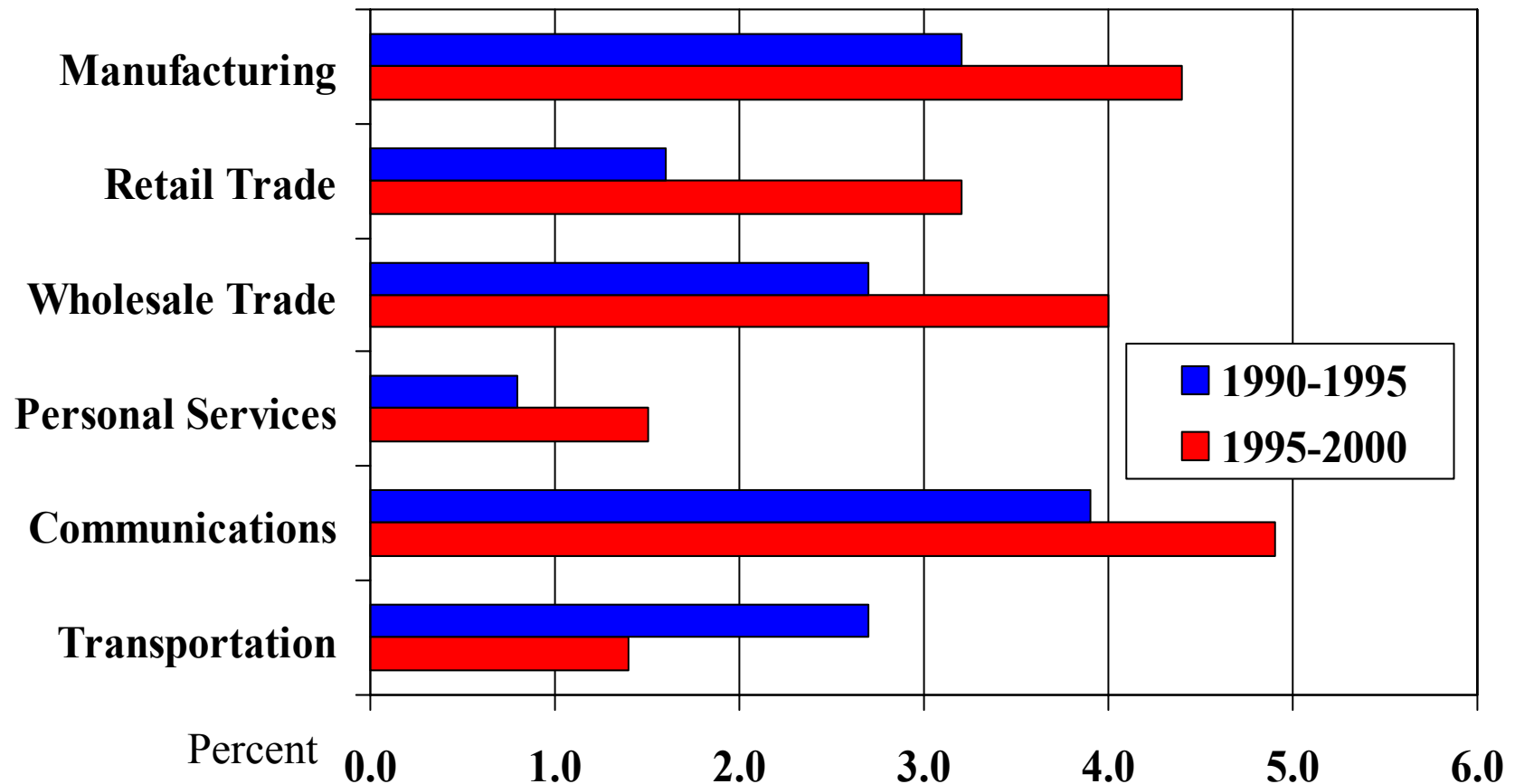
Nonfarm Business Labor Productivity, 1948-2001, Average Annual Rates of Change



Source: Bureau of Labor Statistics

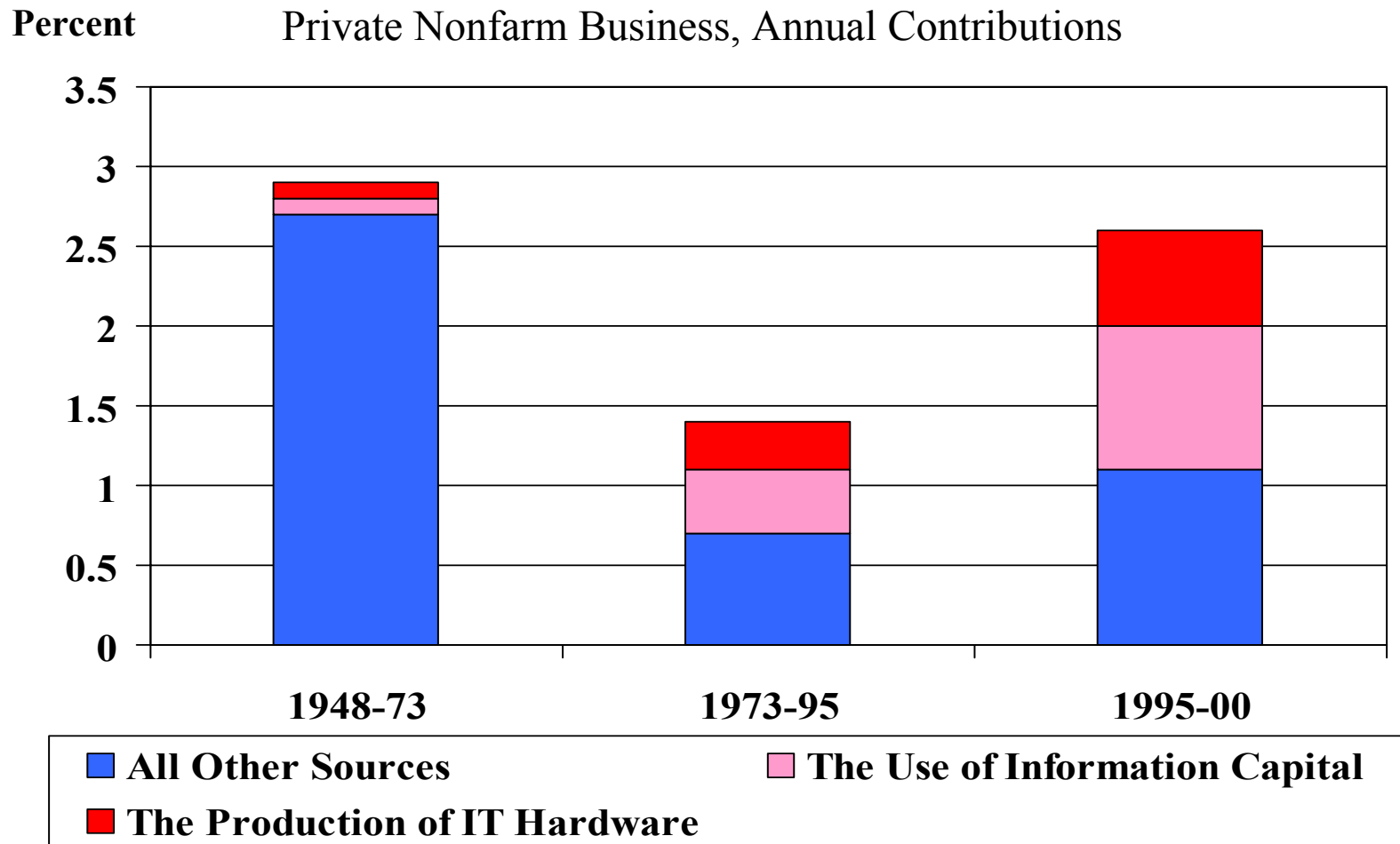
# Labor Productivity Growth, 1990-2000

Selected Industries, Annual rates of change



Source: Bureau of Labor Statistics

# Sources of Labor Productivity Growth



Source: Bureau of Labor Statistics

# The Importance of Productivity

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- ◆ Productivity up by 1% per year
  - ◆ Cumulative deficit down by \$2 trillion over 10 years
  - ◆ Social Security shortfall cut by  $\frac{1}{4}$  to  $\frac{1}{2}$  over 75 years